

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION**

IN RE:	§	Chapter 7
	§	
ARTIUSID, INC.,	§	CASE NO. 23-11007-cgb
	§	
Alleged Debtor.	§	

**DECLARATION OF KEVIN GOLDSTEIN IN SUPPORT OF THE OPPOSITION OF
PETITIONING CREDITORS TO MOTION TO REQUIRE PETITIONING
CREDITORS TO POST A BOND 11 U.S.C. § 303(e)**

KEVIN GOLDSTEIN, declares that the following is true and correct under the penalty of perjury, pursuant to 28 U.S.C. §1746:

1. I am a resident of the State of New York and a principal of Goldstein Consulting Services, LLC (“GCS”), one of the Petitioning Creditors in the instant Involuntary Petition under Chapter 7 of the Bankruptcy Code against artiusID, Inc. (“ArtiusID” or the “Debtor”). I am fully familiar with the facts and circumstances herein, which are based upon my personal knowledge and documents made available to me. If called to testify, I could and would competently testify as to the facts stated herein.

2. I respectfully submit this declaration in opposition to the Debtor’s Motion to Require Petitioning Creditors to Post a Bond 11 U.S.C. § 303(e).

3. As shown below, and in the annexed History of Invoice Approvals and related Exhibits, each of the Invoices which the Debtor now claims are subject to a *bona fide* dispute was, in fact, previously approved and added to the list of accounts payable by the Debtor. Given that these Invoices were all previously approved for payment by the Debtor, there is no “cause” for the posting of a bond by the Petitioning Creditors.

4. In February 2023, when Rebecca Wanta (“Wanta”), Debtor’s Chief Information and Technology Officer resigned her position at the Debtor, I was asked to temporarily step in and take over her role and responsibilities, including with respect to approval of payables. I am fully familiar with the process of how invoices were approved for payment (or disputed) by the Debtor.

5. Annexed hereto is a document entitled: History of Payment Approvals (the “Summary”). The Summary breaks down each Invoice for each of the Petitioning Creditors by Invoice number, amount outstanding, date submitted to the Debtor, date due, and the documents which relate to the approval of each Invoice, which are hyper-linked by Exhibit. To facilitate the Court’s review, the documents in each Exhibit bear a label identifying the document.

6. The filing of the Petition was not, as counsel suggests, a “litigation tactic”; the Petition was only filed *after* the Debtor shut down its website and email addresses and deleted its domain name records. Thus, as of October 2, 2023, it was impossible to contact the Debtor via any previously disseminated email address. This shut down violated agreements with the Debtor’s customers and could not have happened in the ordinary course of business. Specifically, the software ultimately developed and deployed by the Debtor involves capturing biographic information, capturing images of government-issued identity documents, capturing face and palm biometric data, including biometric data and photographs of children to assist in locating missing children. The Debtor has implemented a procedure for deletion of highly-sensitive data it collects upon the discontinuance of service to a consumer. However, the Debtor’s policy states: “Users may request access, correction, or deletion of their biometric data by contacting us at privacy@q5id.com.” Such requests were no longer possible given the shutdown of the Debtor’s q5id.com domain, leaving consumers (and at least two of the Petitioning Creditors) without a means for safeguarding their personal data. In fact, the Debtor “went dark” just prior to its being

subjected to summary judgment in Oregon on the claim of creditor Collaborative Vision, LLC. For these reasons, a substantial likelihood existed that the Debtor was transferring its assets in a fraudulent attempt to avoid its debts.

7. Annexed to the Summary as Exhibit 1 is a set of documents related to GCS invoice Q5-011, each a true and correct copy. The documents are: (a) the Invoice in question; (b) the email approval from Wanta to Ludmila Lantassova (“Lantassova”), Debtor’s Accounts Payable Specialist; (c) the invoice detail page as entered by Q5id into Bill.com, Q5id’s Accounts Payable system; and (d) the invoice Activity Log from FreshBooks, GCS’ Accounting System.

8. Annexed to the Summary as Exhibit 2 is a set of documents related to GCS invoice Q5-012, each a true and correct copy. The documents are: (a) the Invoice in question; (b) the email approval from Wanta to Lantassova; (c) the invoice detail page as entered by Q5id into Bill.com; and (d) the invoice Activity Log from FreshBooks.

9. Annexed to the Summary as Exhibit 3 is a set of documents related to GCS invoice Q5-013, each a true and correct copy. The documents are: (a) the Invoice in question; (b) the email approval from Wanta to Lantassova; (c) the invoice detail page as entered by Q5id into Bill.com; and (d) the invoice Activity Log from Freshbooks.

10. Annexed to the Summary as Exhibit 4 is a set of documents related to GCS invoice Q5-015, each a true and correct copy. The documents are: (a) the Invoice in question; (b) the email approval from Wanta to Lantassova; (c) the invoice detail page as entered by Q5id into Bill.com; and (d) the invoice Activity Log from Freshbooks.

11. Annexed to the Summary as Exhibit 5 is a set of documents related to GCS invoice Q5-016, each a true and correct copy. The documents are: (a) the Invoice in question; (b) the email approval from Wanta to Lantassova; (c) the invoice detail page as entered by Q5id into Bill.com;

and (d) the invoice Activity Log from Freshbooks.

12. Annexed to the Summary as Exhibit 6 is a set of documents related to GCS invoice Q5-017, each a true and correct copy. The documents are: (a) the Invoice in question; (b) the email approval from Wanta to Lantassova; (c) the invoice detail page as entered by Q5id into Bill.com; and (d) the invoice Activity Log from Freshbooks.

13. Annexed to the Summary as Exhibit 7 is a set of documents related to GCS invoice Q5-018, each a true and correct copy. The documents are: (a) the Invoice in question; (b) the email approval from Wanta to Lantassova; (c) the invoice detail page as entered by Q5id into Bill.com; and (d) the invoice Activity Log from Freshbooks.

14. Annexed to the Summary as Exhibit 8 (a) the Invoice in question; (b) is a true and correct copy of an email related to Rearc invoice Q5id003 from Wanta to Steve Larson (“Larson”), Debtor’s Chief Executive Officer, stating: “We have to get the June Rearc invoice paid.”

15. Annexed to the Summary as Exhibit 9 is a set of documents related to Rearc invoice Q5id004, each a true and correct copy. The documents are: (a) the Invoice in question; (b) an email approval of Rearc invoice Q5id004 from David Levy, one of the principals of Xmogrify, LLC, another Petitioning Creditor, who was similarly tasked with reviewing and approving invoices by Lantassova.

16. Annexed to the Summary as Exhibit 10 is a set of documents related to Rearc invoice Q5id005, each a true and correct copy. The documents are: (a) the Invoice in question; (b) an email approval of Rearc invoice Q5id005 from Wanta to Lantassova.

17. Annexed to the Summary as Exhibit 11 is a set of documents related to Rearc invoice Q5id006, each a true and correct copy. The documents are: (a) the Invoice in question; (b) an email approval of Rearc invoice Q5id006 from Wanta to Lantassova.

18. Annexed to the Summary as Exhibit 12 is a set of documents related to Rearc invoice Q5id007, each a true and correct copy. The documents are: (a) the Invoice in question; (b) an email approval of Rearc invoice Q5id007 from Wanta to Lantassova.

19. Annexed to the Summary as Exhibit 13 is a set of documents related to Rearc invoice Q5id008, each a true and correct copy. The documents are: (a) the Invoice in question; (b) an email approval of Rearc invoice Q5id008 from Wanta to Lantassova.

20. Annexed to the Summary as Exhibit 14 is a set of documents related to Xmogrify invoice 0000045, each a true and correct copy. The documents are: (a) the Invoice in question; (b) the email approval from Wanta to Lantassova; (c) the invoice detail page as entered by Q5id into Bill.com; and (d) the invoice Activity Log from Freshbooks, Xmogrify's Accounting System.

21. Annexed to the Summary as Exhibit 15 is a set of documents related to Xmogrify invoice Q5id-00047, each a true and correct copy. The documents are: (a) the Invoice in question; (b) an excerpt of Exhibit 29, Debtor's Accounts Payable Aging Detail dated January 13, 2023, confirming the approval of Q5id-00047 for payment; (c) the invoice detail page as entered by Q5id into Bill.com; and (d) the invoice Activity Log from Freshbooks.

22. Annexed to the Summary as Exhibit 16 is a set of documents related to Xmogrify invoice Q5id-00049, each a true and correct copy. The documents are: (a) the Invoice in question; (b) the email approval from Wanta to Lantassova; (c) the invoice detail page as entered by Q5id into Bill.com; and (d) the invoice Activity Log from Freshbooks.

23. Annexed to the Summary as Exhibit 17 is a set of documents related to Xmogrify invoice Q5id-00050, each a true and correct copy. The documents are: (a) the Invoice in question; (b) the email approval from Wanta to Lantassova; (c) the invoice detail page as entered by Q5id into Bill.com; and (d) the invoice Activity Log from Freshbooks.

24. Annexed to the Summary as Exhibit 18 is a set of documents related to Xmogrify invoice Q5id-00051, each a true and correct copy. The documents are: (a) the Invoice in question; (b) the email approval from Wanta to Lantassova; (c) the invoice detail page as entered by Q5id into Bill.com; and (d) the invoice Activity Log from Freshbooks.

25. Annexed to the Summary as Exhibit 19 is a set of documents related to Xmogrify invoice Q5id-00053, each a true and correct copy. The documents are: (a) the Invoice in question; (b) the email approval from Wanta to Lantassova; (c) the invoice detail page as entered by Q5id into Bill.com; and (d) the invoice Activity Log from Freshbooks.

26. Annexed to the Summary as Exhibit 20 is a set of documents related to Xmogrify invoice Q5id-00054, each a true and correct copy. The documents are: (a) the Invoice in question; (b) the email approval from Wanta to Lantassova; (c) the invoice detail page as entered by Q5id into Bill.com; and (d) the invoice Activity Log from Freshbooks.

27. Annexed to the Summary as Exhibit 21 is a set of documents related to Xmogrify invoice Q5id-00055, each a true and correct copy. The documents are: (a) the Invoice in question; (b) the email approval from Wanta to Lantassova; (c) the invoice detail page as entered by Q5id into Bill.com; and (d) the invoice Activity Log from Freshbooks.

28. Annexed to the Summary as Exhibit 22 is a set of documents related to Xmogrify invoice Q5id-00056, each a true and correct copy. The documents are: (a) the Invoice in question; (b) the email approval from Wanta to Lantassova; (c) the invoice detail page as entered by Q5id into Bill.com; and (d) the invoice Activity Log from Freshbooks.

29. Annexed to the Summary as Exhibit 23 is a set of documents related to Xmogrify invoice Q5id-00058, each a true and correct copy. The documents are: (a) the Invoice in question; (b) the email approval from Wanta to Lantassova; (c) the invoice detail page as entered by Q5id

into Bill.com; and (d) the invoice Activity Log from Freshbooks.

30. Annexed to the Summary as Exhibit 24 is a set of documents related to Xmogrify invoice Q5id-00059, each a true and correct copy. The documents are: (a) the Invoice in question; (b) the email approval from Wanta to Lantassova; (c) the invoice detail page as entered by Q5id into Bill.com; and (d) the invoice Activity Log from Freshbooks.

31. Annexed to the Summary as Exhibit 25 is a set of documents related to Xmogrify invoice Q5id-00060, each a true and correct copy. The documents are: (a) the Invoice in question; (b) the email approval from Wanta to Lantassova; (c) the invoice detail page as entered by Q5id into Bill.com; and (d) the invoice Activity Log from Freshbooks.

32. Annexed to the Summary as Exhibit 26 is a set of documents related to Xmogrify invoice Q5id-00061, each a true and correct copy. The documents are: (a) the Invoice in question; (b) an email approval I sent to Lantassova after she requested that I approve all “Engineering department billing and expenses”; (c) the invoice detail page as entered by Q5id into Bill.com; and (d) the invoice Activity Log from Freshbooks.

33. Annexed to the Summary as Exhibit 27 is a set of documents related to Xmogrify invoice Q5id-00062, each a true and correct copy. The documents are: (a) the Invoice in question; (b) an email approval I sent to Lantassova after she requested that I approve all “Engineering department billing and expenses”; (c) the invoice detail page as entered by Q5id into Bill.com; and (d) the invoice Activity Log from Freshbooks.

34. Also annexed to the Summary as Exhibit 28 is a true and correct copy of an internal Debtor email dated January 13, 2023 from Elena Eastwood, Debtor’s Controller, to Wanta, explaining that invoices are added to the Accounts Payable report after they approved for payment by department managers. Annexed to this email is Debtor’s Accounts Payable Aging Detail dated

January 13, 2023, which shows that each of the above emails discussed above, as of January 13, 2023, had been approved for payment..

35. For the foregoing reasons and the reasons set forth in the accompanying memorandum of law, the Debtor's motion seeking a bond should be denied in its entirety.

Dated: February 20, 2024
New York, New York



Kevin Goldstein

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History of Invoice Approvals

Vendor	Inv. No.	Amount Outstanding	Date Submitted	Date Due	Proof of Approval
GCS	Q5-011	\$17,570.00	8/1/22	8/8/22	• Exhibit 1
GCS	Q5-012	\$26,250.00	8/12/22	8/19/22	• Exhibit 2
GCS	Q5-013	\$27,570.00	8/26/22	9/2/22	• Exhibit 3
GCS	Q5-015	\$18,750.00	9/16/22	9/23/22	• Exhibit 4
GCS	Q5-016	\$18,750.00	10/1/22	10/8/22	• Exhibit 5
GCS	Q5-017	\$3,750.00	10/14/22	10/21/22	• Exhibit 6
GCS	Q5-018	\$18,750.00	11/1/22	11/8/22	• Exhibit 7
Rearc	Q5id003	\$76,620.00	7/1/22	7/31/22	• Exhibit 8
Rearc	Q5id004	\$132,240.00	8/1/22	8/31/22	• Exhibit 9
Rearc	Q5id005	\$136,800.00	9/1/22	10/1/22	• Exhibit 10
Rearc	Q5id006	\$130,340.00	10/1/22	10/31/22	• Exhibit 11
Rearc	Q5id007	\$50,540.00	11/1/22	12/1/22	• Exhibit 12
Rearc	Q5id008	\$54,530.00	12/1/22	12/31/22	• Exhibit 13
Xmogrify	0000045	\$27,461.37	8/12/22	8/27/22	• Exhibit 14
Xmogrify	Q5id-00047	\$1,862.11	8/26/22	9/9/22	• Exhibit 15
Xmogrify	Q5id-00049	\$26,216.24	9/23/22	10/8/22	• Exhibit 16
Xmogrify	Q5id-00050	\$24,089.01	10/7/22	10/22/22	• Exhibit 17
Xmogrify	Q5id-00051	\$26,658.21	10/21/22	11/5/22	• Exhibit 18
Xmogrify	Q5id-00053	\$19,592.49	11/18/22	12/3/22	• Exhibit 19
Xmogrify	Q5id-00054	\$20,502.00	12/2/22	12/17/22	• Exhibit 20
Xmogrify	Q5id-00055	\$24,522.51	12/16/22	12/31/22	• Exhibit 21
Xmogrify	Q5id-00056	\$22,269.99	12/30/22	1/14/23	• Exhibit 22
Xmogrify	Q5id-00058	\$20,421.24	1/17/23	2/1/23	• Exhibit 23
Xmogrify	Q5id-00059	\$22,983.99	1/27/23	2/11/23	• Exhibit 24
Xmogrify	Q5id-00060	\$23,289.99	2/10/23	2/25/23	• Exhibit 25
Xmogrify	Q5id-00061	\$16,634.49	2/24/23	3/11/23	• Exhibit 26
Xmogrify	Q5id-00062	\$11,309.25	3/6/23	3/21/23	• Exhibit 27

Email "FW: AP report 1-13-23": [Exhibit 28](#)

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on March 1, 2024, he caused a copy of the foregoing Declaration to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Western District of Texas.

/s/ Jason Binford

Jason Binford